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Recent Soviet Wood Pulp and Newsprint Offerings

According to recent reports, the USSR has offered to deliver in the US about 10,000 tons of bleached sulfite pulp at about \$120/ton, or \$35/ton below current US and Canadian prices. Some 10,000 tons of newsprint have also been offered at \$120/ton as against the current Canadian price of \$136/ton. Reports of similar offerings have originated from Europe, the Middle East, Asia, and South America. For example, Ceylon is reported to have purchased 1,700 tons of pulp from the USSR early in 1958. Still another report indicates that some Belgian paper manufacturers have begun to import Soviet pulp because Soviet prices are lower than prices on the Belgian market.

Background

The USSR has the world's largest timber reserves, said to be larger than those of the US and Canada combined. Soviet production of wood pulp and newsprint, however, is considerably lower than that of the US and Canada. In 1955, the Soviet Union produced 2,460,000 tons of wood pulp and about 2,600,000 tons in 1956. In 1955 the US produced 18,815,000 tons and Canada produced 9,209,000 tons. Soviet newsprint production in 1955 was 361,000 tons as compared to 5,593,000 tons produced by Canada, and 1,324,000 tons in the US. The USSR in 1955 ranked fifth in the world in wood pulp output and eighth in newsprint output.

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The Soviet paper and wood processing industry is said to lag considerably behind US and Canada with respect to technical skills and equipment. However, large investments are being made in the industry at the present time. The modernization of the industry in the USSR probably will not be of sufficient scope, according to the Paper Trade Journal, to meet domestic requirements even by 1965.

On the other hand, Canadian producers have been under recent criticism for high and continually rising prices. Swedish and Finnish prices are also said to be high because of rising production costs.

Comment

Soviet exports of wood pulp (amounting to 137,000 tons in 1955 and 146,000 tons in 1956, or about 0.5 percent of production in both years), which are relatively marginal to production, could probably be expanded considerably in the next few years in spite of the relative inefficiency of the wood processing industry in the USSR. Despite apparent shortages of wood pulp and newsprint in the USSR, the high prices on Free World markets are probably of sufficient impetus for the USSR to expand its sales to earn needed foreign exchange.

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